

AMENDED IN ASSEMBLY JUNE 6, 2013

AMENDED IN ASSEMBLY APRIL 2, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1077

Introduced by Assembly Member ~~Members~~ Muratsuchi and Ting
(Coauthors: Assembly Members Stone and Williams)

February 22, 2013

An act to add and repeal Sections ~~6011.3, 6012.4, 6378.5~~ and 10759.5 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1077, as amended, Muratsuchi. Sales and use taxes: vehicle license fee: exclusion: alternative fuel motor vehicles.

~~Existing laws impose~~

The Sales and Use Tax Law imposes state sales and use taxes on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state, or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state, measured by the sales price. ~~The Sales and Use Tax Law defines the terms “gross receipts” and “sales price.” Existing law also provides for specific exemptions from these taxes.~~

~~This bill would, on and after January 1, 2014, and before January 1, 2022, exclude from the terms “gross receipts” and “sales price,” in the sale of a new alternative fuel motor vehicle, any amount allowed as a credit under a specified provision of the Internal Revenue Code, relating to new qualified plug-in electric drive motor vehicles, and any amounts~~

~~received, awarded, or allowed pursuant to a state incentive program for the purchase or lease of an alternative fuel vehicle.~~

This bill would, on and after January 1, 2014, and before January 1, 2022, exempt from the taxes imposed by the Sales and Use Tax Law that portion of the gross receipts from the sale of, and the storage, use, or other consumption of, a qualified motor vehicle, as defined, that is the greater of (1) the sum of the amount of any credit under a specified provision of the Internal Revenue Code relating to new qualified plug-in electric drive motor vehicles, and any amount received, awarded, or allowed pursuant to a state incentive program for the purchase or lease of an alternative fuel vehicle; or (2) the value of a motor vehicle that is traded in for the motor vehicle that qualifies for a credit or incentive amount under those programs, where the value of the trade-in motor vehicle is separately stated on the new motor vehicle invoice or bill of sale or similar document provided to the purchaser.

The Bradley-Burns Uniform Local Sales and Use Tax Law authorizes counties and cities to impose local sales and use taxes in conformity with the Sales and Use Tax Law, and existing law authorizes districts, as specified, to impose transactions and use taxes in accordance with the Transactions and Use Tax Law, which conforms to the Sales and Use Tax Law. Exemptions from state sales and use taxes are incorporated into these laws.

This bill would specify that this exclusion does not apply to local sales and use taxes and transactions and use taxes, *or to certain state sales and use tax rates.*

The Vehicle License Fee Law provides that the annual amount of the license fee for any vehicle is 0.65% of the market value of the vehicle, as specified. That law provides for the determination of the market value of any vehicle, for reclassification to increase the market value of a vehicle, and for the exemption of certain vehicles from the imposition of the license fee.

This bill would, on and after January 1, 2014, and before January 1, 2022, for purposes of determining the vehicle license fee, exempt from the determination of market value of a new motor vehicle propelled by alternative fuels any amount allowed as a credit under a specified provision of the Internal Revenue Code, relating to new qualified plug-in electric drive motor vehicles, and any amounts received, awarded, or allowed pursuant to a state incentive program for the purchase or lease of an alternative fuel vehicle.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 6378.5 is added to the Revenue and
2 Taxation Code, to read:
3 6378.5. (a) There are exempted from the taxes imposed by this
4 part that portion of the gross receipts, from the sale of, and the
5 storage, use, or other consumption in this state of, a qualified
6 motor vehicle, that is equal to the greater of the following:
7 (1) The sum of both of the following:
8 (A) The amount of any new Qualified Plug-in Electric Drive
9 Motor Vehicle credit received with respect to the qualified motor
10 vehicle under Section 30D of the Internal Revenue Code.
11 (B) The amount of any state incentive amount received, awarded,
12 or allowed with respect to the qualified motor vehicle under the
13 Clean Vehicle Rebate Project, the California Hybrid and
14 Zero-Emission Truck and Bus Voucher Incentive Project, or the
15 On-Road Heavy-Duty Voucher Incentive Program within the Carl
16 Moyer Program.
17 (2) The trade-in value of a motor vehicle that is traded in for
18 the qualified motor vehicle where the value of the trade-in motor
19 vehicle is separately stated on the new motor vehicle invoice or
20 bill of sale or similar document provided to the purchaser.
21 (b) For purposes of this section, “qualified motor vehicle”
22 means a motor vehicle that receives, or is awarded or allowed,
23 either or both of the following:
24 (1) A credit for a Qualified Plug-in Electric Drive Motor Vehicle
25 under Section 30D of the Internal Revenue Code.
26 (2) A state incentive amount under the Clean Vehicle Rebate
27 Project, the California Hybrid and Zero-Emission Truck and Bus
28 Voucher Incentive Project, or the On-Road Heavy-Duty Voucher
29 Incentive Program within the Carl Moyer Program.
30 (c) (1) Notwithstanding any provision of the Bradley-Burns
31 Uniform Local Sales and Use Tax Law (Part 1.5 (commencing
32 with Section 7200)) or the Transactions and Use Tax Law (Part
33 1.6 (commencing with Section 7251)), the exemption established
34 by this section shall not apply with respect to any tax levied by a

1 county, city, or district pursuant to, or in accordance with, either
2 of those laws.

3 (2) The exemption established by this section shall not apply
4 with respect to any tax levied pursuant to Section 6051.2 or 6201.2,
5 pursuant to Section 35 of Article XIII of the California Constitution.

6 (d) This section shall become operative on January 1, 2014,
7 and shall remain in effect only until January 1, 2022.

8 **SECTION 1. Legislature finds and declares:**

9 (a) ~~There is a wide disparity in fees levied on owners of light-,~~
10 ~~medium-, and heavy-duty vehicles operated on alternative fuels~~
11 ~~when compared to those same taxes and fees levied on owners of~~
12 ~~comparable gasoline and diesel fuel vehicles.~~

13 (b) ~~In some cases, the fees on alternative fuel vehicles are more~~
14 ~~than twice as much as those for conventional fuel vehicles.~~

15 (c) ~~The disparity in fees exists even though the alternative fuel~~
16 ~~vehicle may look identical to the conventional fuel vehicle and~~
17 ~~provide the same or lesser utility to the individual owner.~~

18 (d) ~~The existing California vehicle license fee on motor vehicles~~
19 ~~that operate on alternative fuels is higher than for comparable~~
20 ~~conventional fuel vehicles because alternative fuel vehicles~~
21 ~~generally have higher sales prices. The higher sales prices are~~
22 ~~largely due to the fact that these vehicles are produced in extremely~~
23 ~~low volumes (many assembled by hand), such that their production~~
24 ~~has not achieved the economies of scale that would significantly~~
25 ~~reduce their cost; and they use many new advanced materials and~~
26 ~~technologies that also have not yet achieved economies of scale,~~
27 ~~and therefore have a temporarily greater cost to consumers.~~

28 (e) ~~The higher sales prices for these alternative fuel vehicles~~
29 ~~are expected to be a short-term, temporary situation because prices~~
30 ~~are expected to decline significantly to competitive levels as~~
31 ~~volume increases. If this does not occur, these vehicles may never~~
32 ~~be competitive, and automakers would likely withdraw them from~~
33 ~~the market. The current vehicle license fee does not reflect these~~
34 ~~temporary, short-term pricing situations. Instead it intrinsically,~~
35 ~~but incorrectly, assumes that these short-term higher prices reflect~~
36 ~~true long-term market value of the vehicles.~~

37 (f) ~~Alternative fuel vehicles provide benefits to California~~
38 ~~citizens that are external to, or not reflected in, their cost to the~~
39 ~~purchaser. These benefits include: increasing our national~~
40 ~~independence from foreign energy sources; providing more~~

1 transportation choices for consumers and businesses, thus reducing
2 our economic vulnerability to sudden fuel price increases caused
3 by external or internal events; reducing air pollutants, climate
4 change pollutants, and toxic emissions from mobile sources; and
5 reducing future pressures for additional environmental controls
6 on existing and new businesses and industries in California.

7 (g) It is the public policy of the State of California, the federal
8 government, and many local governments, to encourage the
9 development and use of alternative fuel vehicles, for the purpose
10 of providing the benefits described above to all California citizens.

11 (h) Existing vehicle license fee calculations, as they relate to
12 the determination of market value of alternative fuel vehicles, do
13 not reflect the critical short-term pricing issues described above;
14 nor the external benefits that accrue to all California citizens.
15 Additionally, these existing fees act as a significant disincentive
16 to potential purchasers of alternative fuel vehicles, and as such,
17 are contrary to existing public policies at all levels of government.

18 (i) It is the intent of the Legislature to equalize the vehicle
19 license fee between alternative fuel vehicles and conventional fuel
20 vehicles for a period of eight years, beginning January 1, 2014,
21 and ending December 31, 2021.

22 SEC. 2. Section 6011.3 is added to the Revenue and Taxation
23 Code, to read:

24 6011.3. (a) Notwithstanding Section 6011 or any other law,
25 on and after January 1, 2014, and before January 1, 2022, “sales
26 price” from the purchase of a new alternative fuel motor vehicle
27 shall not include any amount allowed as a credit under Section
28 30D of the Internal Revenue Code, relating to new qualified plug-in
29 electric drive motor vehicles, and any amounts received, awarded,
30 or allowed pursuant to a state incentive program for the purchase
31 or lease of an alternative fuel vehicle, including, but not limited
32 to, state income tax credits, the Clean Vehicle Rebate Project, the
33 California Hybrid and Zero-Emission Truck and Bus Voucher
34 Incentive Project, and the On-Road Heavy-Duty Voucher Incentive
35 Program under the Carl Moyer Program.

36 (b) For purposes of this section, all of the following shall apply:

37 (1) “Alternative fuel vehicle” means a motor vehicle subject to
38 registration under the Vehicle Code that operates some or all of
39 the time on a fuel other than gasoline or diesel.

~~(2) “Motor vehicle” means “motor vehicle” as defined by Section 415 of the Vehicle Code.~~

~~(e) The cost of the vehicle after deducting the amounts described in subdivision (a) shall be stated in the contract for sale or lease with the purchaser, and shall be reported to the board quarterly.~~

~~(d) Notwithstanding any provision of the Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5 (commencing with Section 7200)) or the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)), the exclusion established by this section shall not apply with respect to any tax levied by a county, city, or district pursuant to, or in accordance with, either of those laws.~~

~~(e) This section shall be repealed on January 1, 2022.~~

~~SEC. 3. Section 6012.4 is added to the Revenue and Taxation Code, to read:~~

~~6012.4. (a) Notwithstanding Section 6012 or any other law, on and after January 1, 2014, and before January 1, 2022, “gross receipts” from the sale of a new alternative fuel motor vehicle shall not include any amount allowed as a credit under Section 30D of the Internal Revenue Code, relating to new qualified plug-in electric drive motor vehicles, and any amounts received, awarded, or allowed pursuant to a state incentive program for the purchase or lease of an alternative fuel vehicle, including, but not limited to, state income tax credits, the Clean Vehicle Rebate Project, the California Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project, and the On-Road Heavy-Duty Voucher Incentive Program under the Carl Moyer Program.~~

~~(b) For purposes of this section, all of the following shall apply:~~

~~(1) “Alternative fuel vehicle” means a motor vehicle subject to registration under the Vehicle Code that operates some or all of the time on a fuel other than gasoline or diesel.~~

~~(2) “Motor vehicle” means “motor vehicle” as defined by Section 415 of the Vehicle Code.~~

~~(e) The cost of the vehicle after deducting the amounts described in subdivision (a) shall be stated in the contract for sale or lease with the purchaser, and shall be reported to the board quarterly.~~

~~(d) Notwithstanding any provision of the Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5 (commencing with Section 7200)) or the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)), the exclusion established~~

1 ~~by this section shall not apply with respect to any tax levied by a~~
2 ~~county, city, or district pursuant to, or in accordance with, either~~
3 ~~of those laws.~~

4 ~~(e) This section shall be repealed on January 1, 2022.~~

5 ~~SEC. 4.~~

6 *SEC. 2.* Section 10759.5 is added to the Revenue and Taxation
7 Code, to read:

8 10759.5. (a) For purposes of determining the vehicle license
9 fee imposed by this part, there are exempted from the determination
10 of market value of a new motor vehicle propelled by alternative
11 fuels, ~~any the sum of the~~ amount allowed as a credit under Section
12 30D of the Internal Revenue Code, relating to new qualified plug-in
13 electric drive motor vehicles, and ~~any amounts state incentive~~
14 ~~amount~~ received, awarded, or allowed pursuant to a state incentive
15 program for the purchase or lease of an alternative fuel vehicle,
16 including, but not limited to, state income tax credits, under the
17 Clean Vehicle Rebate Project, the California Hybrid and
18 Zero-Emission Truck and Bus Voucher Incentive Project, ~~and or~~
19 the On-Road Heavy-Duty Voucher Incentive Program ~~under within~~
20 the Carl Moyer Program. ~~This exemption shall apply to the~~
21 ~~subsequent payments of the vehicle license fee.~~

22 ~~(b) For purposes of this section, “motor vehicle propelled by~~
23 ~~alternative fuels” means a motor vehicle that operates some or all~~
24 ~~of the time on a fuel other than gasoline or diesel.~~

25 ~~(e)~~

26 ~~(b)~~ This section shall become operative on January 1, 2014, and
27 shall remain in effect only until January 1, 2022, and as of that
28 date is repealed.

29 ~~SEC. 5.~~

30 *SEC. 3.* This act provides for a tax levy within the meaning of
31 Article IV of the Constitution and shall go into immediate effect.